

SC FOREST PRODUCTS

INDUSTRY EXPORT REPORT, 2020ⁱ

In 2020, international sales of forest productsⁱⁱ from South Carolina were valued at 946 million US dollarsⁱⁱⁱ. Compared against 2019, they represent a decline of almost 21%, and a second consecutive year with shrinking exports, resembling those in 2006. As it has been customary, pulp and paperⁱⁱ make the bulk of exports from the state —85% in 2020. On the other hand, solid wood products came third in importance by accounting for 9% of the total. While wood furniture accounts for less than 1%, wood chemicals are becoming an emerging sector by raising export levels (in contrast to other industries) to reach 5% of the state's total. Following the last decade's trend, East Asia (particularly China) remains the top market for forest product exports from South Carolina. North America remains second total forest products imports from the state, despite showing the steepest decline in the value of shipments over the last year (mainly on paper products). Western Europe (e.g., France, the Netherlands) and South Asia (e.g., India) share the third place. For the main wood products sectors, the last six years have brought a series of challenges for international sales, resulting in a decline of exports from South Carolina, the U.S. Mid-Atlantic, and the southern region as a whole. So the drop observed in 2020 doesn't seem to be an outlier after all. This negative trend is particularly evident for paper exports into Europe and pulp and solid wood products exports into Asia. The SCFC will keep monitoring the status of exports, providing timely updates to our industry, and promoting our forest products in markets abroad.

**\$946
Million**

2020 Total Exports

**-21%
Change**

From 2019

Fig. 1. SC Forest Products Exports

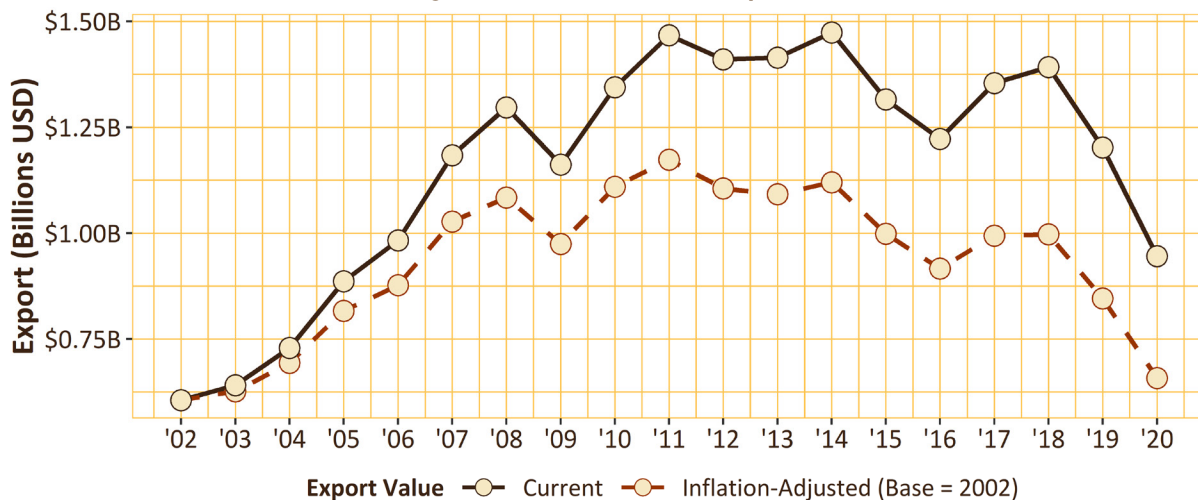


Fig. 2. SC Forest Products Exports by Sector

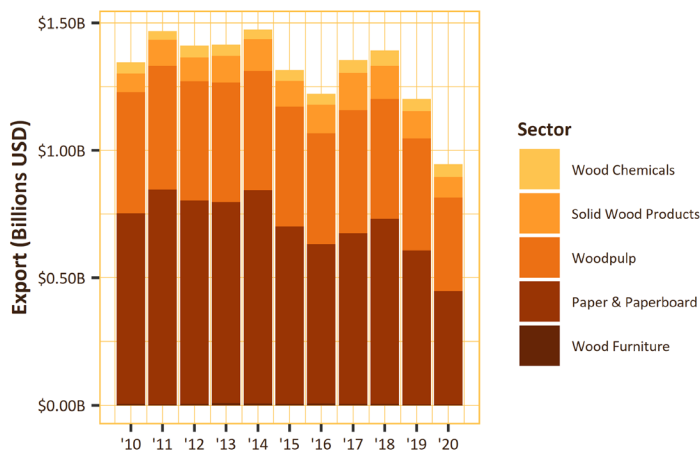
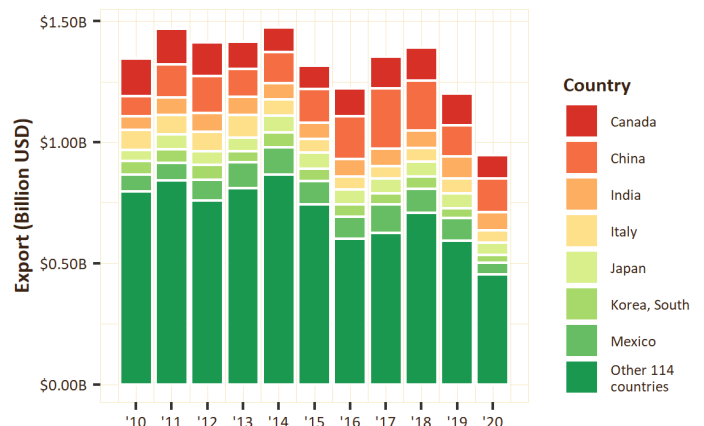


Fig. 3. SC Forest Products Exports by Partner



Paper and Paperboard

Paper and Paperboard exports from the state totaled \$445 million in 2020. A drastic drop of 26.4% from 2019, for a second consecutive year with declining shipments, and brought exports to the lowest level in a decade. Uncoated Kraft paper (HTS 4804)^{iv}, uncoated paper for writing (HTS 4802), and coated paper and paperboard (HTS 4811) remain the strongest commodities in this sector, accounting for 76% of the value of exports in 2020. The top international markets for these and other US paper commodities are again Canada, China, the UK, and Mexico, which account for a combined 40.4% of the value of all shipments. The decline in exports of paper products is observable across all of these markets but was more severe in Canada, Mexico, and the UK. Likewise, SC export of top paper commodities declined in 2020, but shipments dropped more steeply on uncoated Kraft and writing paper. Overall, the US also observed a drop in paper and paperboard product exports from 2019 to 2020, about 8.5%, primarily due to lower demand from Mexico, Canada, the UK, and Italy.

**\$445
Million**

2020 Exports

-26.4%
Change from 2019

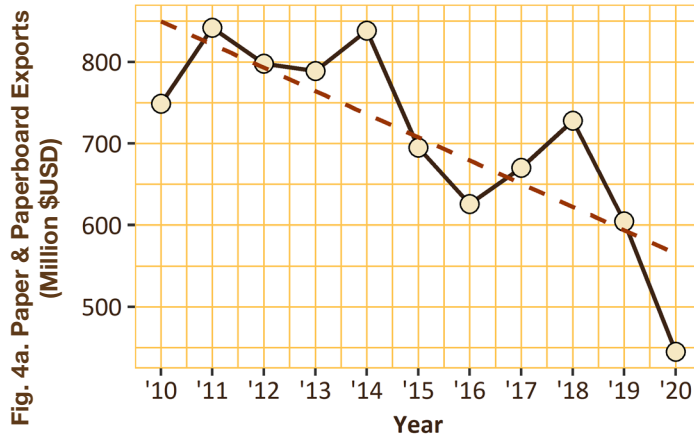
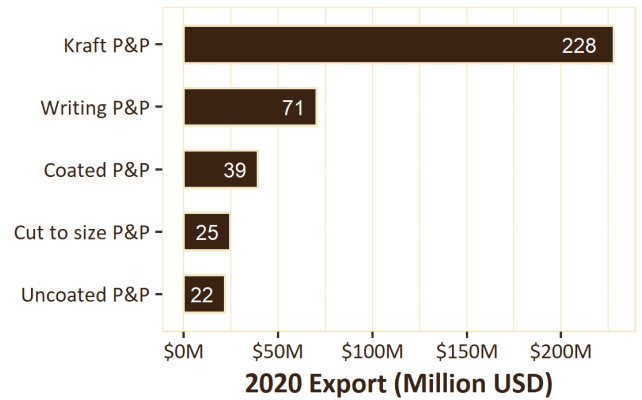


Fig. 4b. 2020 Top Products



Woodpulp

The value of woodpulp exports from South Carolina amounted to \$367 million (Fig. 5a) in 2020. Most of this corresponded to soda/sulfate chemical pulp (83%, HTS 4703) and recovered (waste or scrap) paper and paperboard (15%, HTS 4707) (Fig. 5b). The top three markets for commodities within this industry were China, India, and Japan, which in 2020 accounted for 17%, 13%, and 11% of the sector's total, respectively (Fig. 8). Compared to 2019, woodpulp exports experienced a decrease of 16.4%, mainly driven by reduced demand from Canada (-\$13 million), Malaysia (-12 million), and Mexico (-\$11 million), despite some notable growth in the Chinese (+\$15 million) and French (+\$11 million) markets. Over the last decade, the US has remained the top exporter of woodpulp globally, despite fierce competition from Canada and now Brazil. However, the previous two years have presented challenges for the US industry, resulting in a 10% decline per year. Nevertheless, the outlook for the next five years remains optimistic for the global trade of pulp, as it is expected to grow 3.45% annually.

**\$367
Million**

2020 Exports

-16.4%
Change from 2019

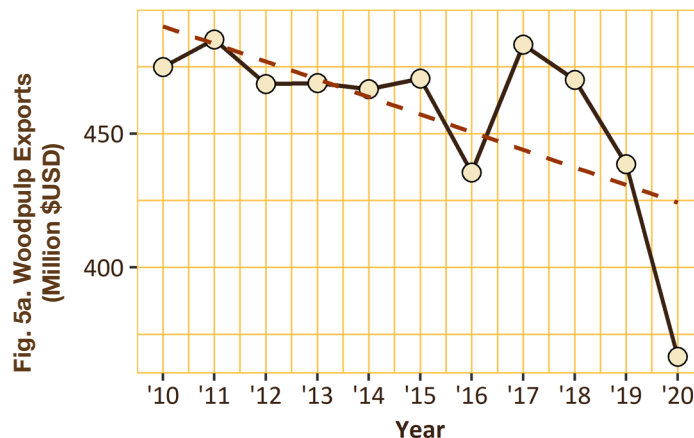
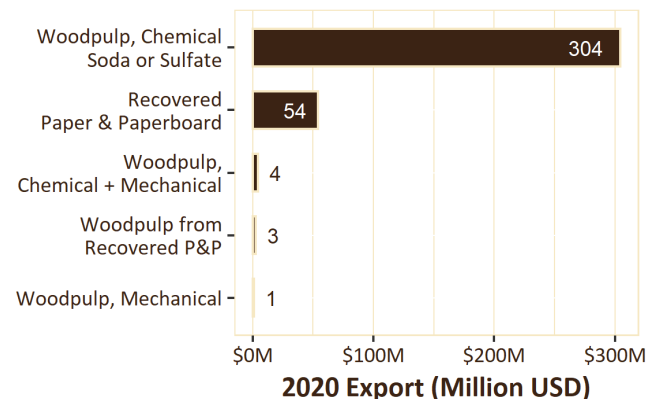


Fig. 5b. 2020 Top Products



Solid Wood Products

Exports of solid wood products amounted to \$82 million in 2020, for a 24% decline from 2019. It is the third year in a row with shrinking exports from the state, which brings our export level slightly above that in 2010. Such a trend is not only impacting SC but all solid wood products exports from the country. Almost 45% of the value of this sector's export in 2020 corresponded to lumber shipments. Export of logs accounted for 25%, and Builder's joinery for 20%. Around 38% of the value of lumber export corresponded to shipments of oak species, 33% to pines, 24% to poplar, and 5% to other species. Approximately 71% of the value of log exports from the state are of pine. The top destinations for pine log exports are India, Vietnam, and the Philippines. Pine lumber buyers in China, India, and Pakistan account for most of the exports from the state. Throughout 2020, the Covid-19 pandemic created the conditions for more substantial construction and home improvement activities, which has pushed the price of construction materials to record levels. As the prospects for lumber and panels prices to stabilize remains uncertain, buyers abroad have expressed their concerns over the risk for US exports to become less price-competitive. Moreover, such market conditions may incentive higher imports of wood products into the US or give preference to log imports of lumber imports.

**\$82.1
Million**

2020 Exports

-24.7%

Change from 2019

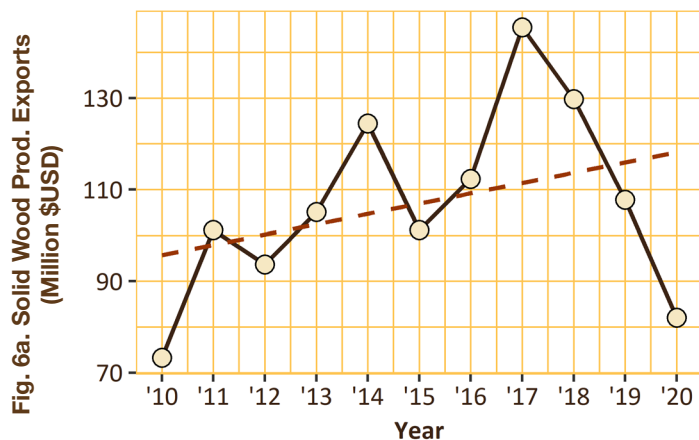
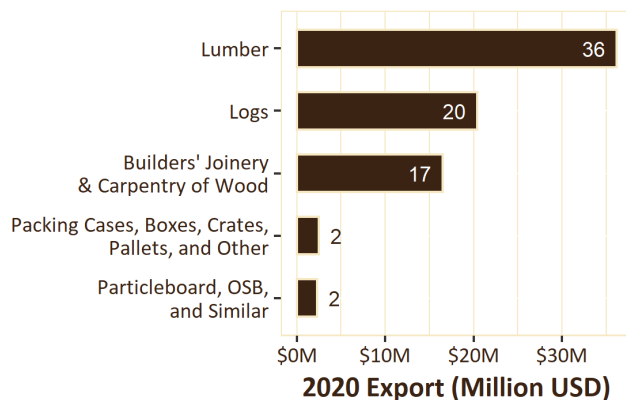


Fig. 6b. 2020 Top Products



Other Sectors

In 2020, wood furniture exports from the state were \$3 million in total, representing less than 1% of South Carolina's forest products exports that year. It is also a decline of 9.3% in the value of shipments from 2019, which follows a prolonged dropping in trade affecting the state and the country in general. The wood chemical sector follows the opposite trajectory, as it has grown almost continuously over the last two decades. The value of shipments in 2020 amounted to \$50 million, 4% more than in 2019 and 14% above that of 2016. Two commodities account for the bulk of exports (97.5%) of this sector: residual lyes from the manufacture of woodpulp (e.g., lignin sulfonates) and tall oil (67.6% and 29.9% in 2020, respectively). China, Canada, and Indonesia are the leading destinations for exports of wood chemicals from South Carolina, especially residual lyes. Sweden and Finland are also among the top five, mainly for exports of tall oil.

\$3 Million

2020 Furniture Exports

\$50 Million

2020 Wood Chemical Exports

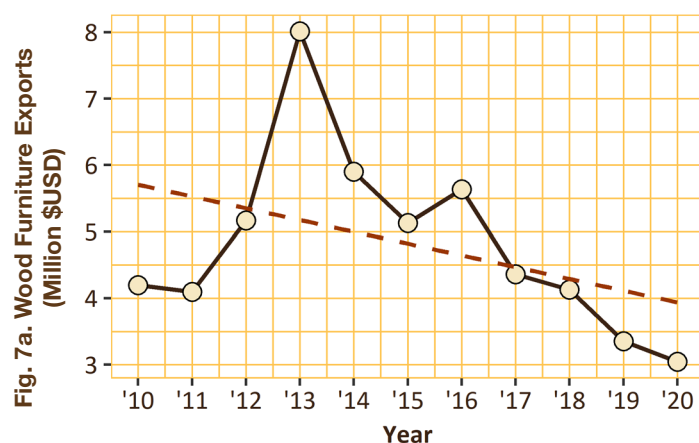


Fig. 7b. Wood Chemicals Exports (Million \$USD)

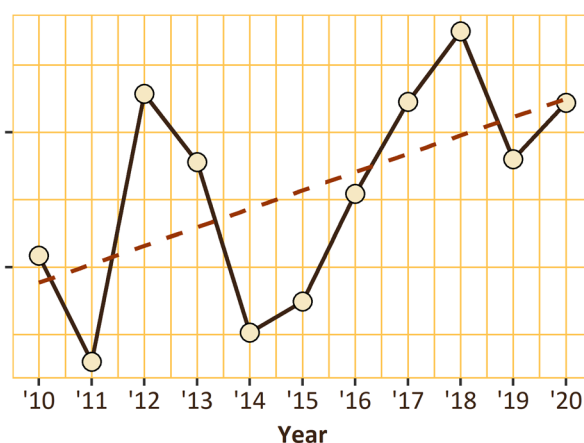


Fig. 8. SC Forest Products Exports in 2020

Top 10 Markets per Sector by Value (Millions \$USD and percentages)

| Rank | Wood Chemicals | | | Solid Wood Products | | | Woodpulp | | | Paper and Paperboard | | | Wood Furniture | | |
|------|----------------|----------------|----|---------------------|----------------|----|----------|----------------|----|----------------------|----------------|----|----------------|----------------|----|
| | Country | Export | | Country | Export | | Country | Export | | Country | Export | | Country | Export | |
| | | Millions \$USD | % | | Millions \$USD | % | | Millions \$USD | % | | Millions \$USD | % | | Millions \$USD | % |
| 1 | China | 14 | 29 | India | 13 | 16 | China | 63 | 17 | Canada | 72 | 16 | Cayman I. | 1 | 35 |
| 2 | Canada | 4 | 9 | Vietnam | 13 | 15 | India | 48 | 13 | China | 52 | 12 | Canada | 1 | 17 |
| 3 | Sweden | 4 | 7 | China | 11 | 14 | Japan | 40 | 11 | U.K. | 30 | 7 | Aruba | <1 | 9 |
| 4 | Indonesia | 3 | 7 | Canada | 9 | 11 | Italy | 32 | 9 | Mexico | 26 | 6 | Bahamas | <1 | 7 |
| 5 | Finland | 3 | 6 | Australia | 8 | 10 | Poland | 24 | 7 | Netherlands | 25 | 6 | China | <1 | 4 |
| 6 | Brazil | 3 | 6 | Japan | 3 | 4 | France | 21 | 6 | Ecuador | 23 | 5 | Singapore | <1 | 3 |
| 7 | S. Korea | 2 | 5 | Pakistan | 3 | 4 | Mexico | 20 | 5 | Italy | 17 | 4 | Australia | <1 | 3 |
| 8 | India | 2 | 4 | New Zealand | 2 | 2 | Colombia | 18 | 5 | S. Korea | 16 | 4 | Italy | <1 | 2 |
| 9 | Netherlands | 1 | 3 | U.K. | 2 | 2 | S. Korea | 13 | 4 | Germany | 13 | 3 | Jordan | <1 | 2 |
| 10 | France | 1 | 3 | Italy | 2 | 2 | Canada | 10 | 3 | Taiwan | 13 | 3 | S. Arabia | <1 | 2 |

Africa | Asia | Australia & Oceania | Central/South America & The Caribbean | Europe | North America

Notes

ⁱ As part of an effort to improve the accuracy of the statistics reported in this document, figures from previous years have been revised to account for the latest version of the Harmonized Tariff Schedule, 2021 Basic Revision 3. Similarly, to focus on the wood fiber supply chain, statistics related to exports of equipment and machinery used for the production of wood products have been removed from the document.

ⁱⁱ For the purpose of this report, the term “forest products industry” encompasses five main sectors: wood-based chemicals, solid wood products, woodpulp, paper & paperboard products, and wood furniture. This categorization is based on the Harmonized Tariff Schedule (2021 Basic Revision 3) as follows. Solid wood products correspond to the commodities included in chapter 44. Paper & paperboard products are drawn from chapter 48, whereas woodpulp is based on chapter 47. The wood chemicals sector comprises headings 3803, 3804, 3805, and 3807 from chapter 38 (Miscellaneous Chemical Products.) The furniture here includes only wooden commodities from chapter 94.

ⁱⁱⁱ All trade figures offered in this study are sourced from the U.S. Census Bureau’s Origin of Movement Report Series, unless otherwise noted

^{iv} HTS: Harmonized Tariff Schedule Heading



Tim Adams

Resource Development Director
P.O. Box 21707
Columbia, SC 29221
Office: (803) 896-8802
Fax: (803) 798-8097
Email: tadams@scfc.gov
Web: trees.sc.gov

Edgar Arias

Forest Products Marketing Specialist
P.O. Box 21707
Columbia, SC 29221
Office: (803) 896-8833
Fax: (803) 798-8097
Email: earias@scfc.gov
Web: trees.sc.gov

The goal of this report is to provide timely information on international markets and export activities that are and will be relevant for the development of the South Carolina’s forest products industry. This document offers insights on international trade of the state’s forest products and the most promising destinations for each product category. Historic trade data is based on the U.S. Census Bureau’s “Origin of Movement (OM)” state export series, which is intended to measure state exports on the basis of transportation, not manufacturing origin. The included figures are presented to offer a perspective on the composition of exports from the state, on the basis of origin transportation.